

Minutes

Seattle City Employees' Retirement System Regular Board Meeting

Wednesday, June 1, 2011 - 9:00 a.m.
Pacific Building, 9th Floor

Present: ☒ David Stewart ☒ Jean Godden ☒ Glen M. Lee ☒ Mary Norris ☒ Rod Rich
 ☒ Lou Walter ☒ Robert Harvey, Jr.

Others Present: Bill Kruller, ARSCE; Robert Sugden, ARSCE; Barbara Graham, ARSCE; Joanne Kinsilla, ARSCE; Jim Taylor, ARSCE; Tom Kirn, FAS; Steve Viney, retiree, Steve Kovac, SCL; Kory Hogan, Moss Adams; Bill Kolden, RCLEA/ARSCE; John Masterjohn, CCU; Nick Collier, Milliman; Jennifer Sorensen, Milliman; Carlton Seu, Esq., CAO; Michael Monaco, Esq., Song Mondress; John McCoy, Legislatave; Steve Neubauer, SCERS; Selam Teklemariam, SCERS; Beverly Yapp, SCERS; Lisa Carns, SCERS; Michael Akiyama, SCERS, Anthony Smith, SCERS, Cecelia M. Carter, SCERS.

Councilmember Godden, Chair - called the meeting to order at 9:05am

Councilmember Godden, Chair opened meeting introducing and welcoming new Board member David Stewart, City of Seattle Personnel Director. Councilmember Godden, Chair gave recognition and appreciation to Mrs. Mary Norris for her nine years of service on the SCERS Board of Administration. All board members conveyed their gratitude. Barbara Graham from the public read a statement of appreciation on behalf of ARSCE.

Public Comment:

there being none

Minutes:

Information: Provided in the Retirement Board packet are the minutes from the May 4, 2011 Retirement Board Regular Meeting. (*Attachment #1 - Board Only*)

Motion: Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board approves the minutes from the May 4, 2011 Retirement Board Regular Meeting.

Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$9,355,918.51
Beneficiary	\$896,192.20
Disability	\$75,697.36
Pension Payroll – PPE April 30, 2011	<u>\$10,327,808.07</u>
Office Payroll – PPE March 1 st , 15 th , & 29th, 2011	\$ 63,385.85
Vouchers Processed – March 31, 2011	\$ 400,353.06
*Expert and Consultant Services – \$167,330.26	
*Investment Management Fees – \$0.00	
*Interdepartmental Charges - \$70,488.29	
*Miscellaneous - \$162,534.50	

Immediate Withdrawals of Contributions for the month of April 2011:

MEMBER	Department Name	Position
Bouamany, Keith S	SPL	Library Assoc 1
Kasarda, Tess Bagunas	ESD	Remittal Processing Tech
Bennett, Dawn M	Parks	Rec Leader
Brannon, Brian Andrew	SPL	Branch Manager
Armstrong, Barbara M	SPL	Managing Lib 11
Granstrom, Christopher Paul	Parks	Mtc. Labor
Patterson, Kimberly Louise	SCL	Coop Intern
Jones, Marijes	SPU	Spec 11
Farman, Brett M	HSD	Proj Funds Coord
Campbell, Eric C	SCL	Dir Risk Oversight
Yu, Benjamin	SCL	Meter Reader
Zangara, Robert A	SPL	Dir Info Tech

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

12 Withdrawals for a total of: \$305,018.96

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Board ratifies the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Yrs	Days	DeptName	Position	Age
Alvarez, Fidel	07-May-11	22	291	SDOT	Transp Plnr,Assoc	66
Anderson, Gary Allen	12-Apr-11	23	5	Police	Pol Comms Dispatcher,Chief	66
Angeles, Ranesto	09-Apr-11	31	137	Neighborhoods	Neighb District Coord	61
Beckwith, Carolyn J.	09-May-11	25	57	Vested	Vested	52
Dixon, Patricia L.	05-Apr-11	20	3	SPU	Util Act Rep II	59
Drouillard, Linda L.	02-Apr-11	24	37	Library	Mobile Services	65
Dunlap, Julie R.	03-May-11	21	22	City Light	Elecl Svc Rep	59
Firth, Barry T.	27-Apr-11	10	258	Parks	Parks Concss Coord	64
Germann, Michael R.	02-Apr-11	18	73	Police Pension	Manager 3	68
Grob, Karyn A.	03-May-11	24	246	City Light	Manager3,Info Technol-BU	63
Hartley, Grace E.	25-Apr-11	5	135	Vested	Vested	62
Heiden, Cynthia E.	03-May-11	22	52	Library	Bookmobile Driver	60
Hogan, John F.	03-May-11	30	10	DPD	Strat Advsr 2	59
Hull, Leonard E.	02-Apr-11	26	312	Seattle Center	Opns CC,Sr-SC	53
Ismael,William F	01-May-11	17	351	SPU	Water Pipe Worker	62
Ito, Melanie S.	02-Apr-11	15	264	KC Health	Staff Physician	61

Retiree	RetireDt	Yrs	Days	DeptName	Position	Age
Jones, Margy L.	07-May-11	31	166	City Light	Manager3,Utills-BU	58
Kotas, Frederic J.	06-May-11	10	61	Vested	Vested	67
Kotts, Stephen H.	07-May-11	12	8	City Light	Lineworker	65
Kurimura, Alan G.	28-Apr-11	4	15	Vested	Portability	63
Langi, Keith H	02-Apr-11	31	218	City Light	Pwr Structs Mechanic CC	64
Leask, Lucinda A.	03-May-11	27	247	City Light	MatSup,Elec-Asg	54
Lemaster, Jean	05-Apr-11	18	281	Retirement	Actg Tech I-BU	57
Lewy, Barbara J.	09-Apr-11	27	5	Human Services	Manager3,Fin,Bud,&Actg	56
Liem, Robby Kim Ho	02-Apr-11	30	301	DPD	Mech Plans Engr,Sr *	59
McCoy, Robert E.	04-Apr-11	7	90	Police	Mgmt Sysys Anlyst,Sr	67
Mudra, Valerie Heide	10-May-11	23	309	SPU	Labor Relations Coord	65
Pahlman, John M.	03-May-11	33	226	City Light	Lineworker	60
Pomerantz, Mark L.	18-Apr-11	7	71	Vested	Vested	62
Price, Toni W.	11-May-11	39	197	Library	Branch Mgr II	64
Reed, Jerry E.	07-Apr-11	35	362	Parks	Maint Laborer	57
Rivera, Nickola M.	07-Apr-11	21	164	Parks	Personnel Spec,Sr	66
Whalen, Michael P.	05-Apr-11	43	151	City Light	Line CC-Asg C Coord	61

For the month of May: 20 new Members entered the System, 28 Members terminated in the System, 33 Members retired in the System, 20 Retired members removed from monthly payroll (\$28,891.18), 1 Option D/E continuations, 2 Option F reductions, 2 Option C expirations and 1 19-B active death member.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board approves the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Information: Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of April 30, 2011. *(Attachment #2 – Board Only)*

Ms. Carter outlined to the Board the investment activity for the month of April 2011. For the month of April, the portfolio was up 2.66% outperforming the Russell 2000 (up 2.64%) and the S&P 500 (up 1.58%). Year to date the SCERS portfolio was up 5.62%. The fund balance as of April 30 is approximately \$1,924,859,000. This gives a funding ratio of 66.32%.

Ms Carter further advised the Board of a Class Action claim filed by Western Asset against PIMCO for price manipulation of the June 2005 10-year Treasury Futures. Both firms manage money for SCERS.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board accepts the Investment Summary report.

Investment Committee Report:

Information: The Investment Committee is scheduled to meet at noon on Thursday, June 30th, 2011 in the Retirement Office.

Investment Activity Requiring Board Ratification and/or Recognition –

Ms. Carter gave an overview of the May 27, 2011 Investment Committee meeting. Representative of Pension Consulting Alliance was present at the meeting. Mr. Neil Rue gave an overview on SCERS first quarter 2011 Investment Portfolio.

Ms. Carter further reported that PCA identified a list of candidates to be considered for participation in SCERS search for an Inflation Linked Bond manager in order to fund a portion of SCERS Real Return allocation. It is expected that this mandate will total \$25-\$40 million and be funded over time. Ms. Carter noted that some of the candidates worked in SCERS in the past and asked the Investment Committee if there were any concerns. No concerns noted.

Mr. Carter also noted, there were Representatives of Milliman present at the meeting. Mr. Nick Collier and Jennifer Sorensen gave an overview of the SCERS' Investigation of Experience Study. The details will be reviewed in New Business.

Executive Director Report:

2011 Trustee Election

- Retiree seat nomination period was open for one and half weeks in April. There were five nominations. Ballots were sent out May 6, 2011 and the deadline to vote was May 23, 2011. There were 12,856 ballots mailed (active employees 8,179 and retired employees 4,677). SCERS received 2,135 votes; 75% were paper ballots; 25% online; 9 invalid votes received. There were 62 ballots returned to SCERS as undeliverable.

The candidate receiving the most cast votes in the 2011 election was Mr. Louis (Lou) Walter.

Motion: Upon motion by Rod Rich, seconded by Bob Harvey, Lou Walter abstained from vote, the Retirement Board ratifies the certification of election results as provided by Votenet Solutions for the 2011 Board of Administration seat open for election.

Motion: Upon motion by Bob Harvey, seconded by Glen Lee, Lou Walter abstained from vote, the Board congratulates and recognizes Mr. Louis Walter the winner in the 2011 Board of Administration Election.

Mr. Walter gave gratitude and recognition to those that participated in the election.

Board Retreat 2011

- Board Retreat is scheduled for June 17, 2011 from 9am -3pm in the Retirement Systems Office. Agenda and material will be sent to Board the week of June 13, 2011.

NCPERS Annual Conference

- Ms. Carter asked members of the Board who attended the 2011 NCPERS Annual Conference to brief the Board on their respective findings from the conference.
 - Mr. Lou Walter touched upon his continual education on such topics as: (a) asset/liability; (b) fiduciary responsibility; and (c) actuarial assumptions and relationships.
 - Mr. Robert Harvey touched strongly upon the fiduciary responsibility associated with being a member of the Board of Administration.
 - Mr. Rod Rich discussed his broadened insight regarding SEC regulations
 - All three attendees further encouraged other Board members to attend meetings of this nature for the educational aspect of pension administration and trustee fiduciary responsibilities.

Old Business:

(1) Status of Benefit Enhancements

Information: The **estimated** current funding level of the Retirement Fund is 66.32% as of April 30, 2011

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

(2) *ON HOLD* -- Items to Discuss – Tabled pending Asset / Liability Study

- Investment Policy Guidelines
 - Real Estate
 - Hedge Funds
 - Alternative Assets

(3) Interdepartmental Team (IDT) Retirement Study (due to City Council Mid-2012 Budget)

- On hold

(4) 2010 Audit of Financial Statements

Michael K. Akiyama, SCERS Finance & Operations Manager walked the Board through highlights of the Audited Financial Statements for the year ending December 31, 2010.

New Business:

(1) 2007-2010 SCERS Experience Study

- Nick Collier and Jennifer Sorensen with Milliman Inc. presented to the Board the 2007-2010 SCERS Experience Study. A copy may be found on the SCERS website.

• **Motion:** Upon motion by Glen Lee, seconded by Bob Harvey, the Retirement Board accepted amendment to include 1% annual membership growth rate.

• **Motion:** Upon motion by Glen Lee, seconded by Bob Harvey, the Retirement Board accepted and adopted on principal the concept of asset valuation with five year smoothing.

(2) 2012 SCERS Budget

Mr. Akiyama provided an overview of the SCERS 2012 proposed Budget. The proposed SCERS 2012 budget is 12.7 million dollars.

- **Motion:** Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board adopts 2012 proposed Budget to be submitted to the City's Budget office.

The Board reserves the right to enter into executive session if necessary

Executive Session:

- **The Board may enter into executive session to receive update from legal counsel on potential litigation**

Execution Session not necessary at this time

Adjournment:

Motion: Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board voted to adjourn the meeting at 11:30 a.m.

David Stewart, Secretary